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BRIEF

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Secret

1. LEBANON: LEBANON WAS RELATIVELY CALM OVER THE WEEKEND AS IMPLEMENTATION OF THE LATEST TRUCE MOVED SLOWLY FORWARD. ALTHOUGH SNIPER ACTIVITY AND OCCASIONAL GUN BATTLES PERSIST IN SEVERAL BEIRUT SUBURBS AND IN THE TRIPOLI-ZAGHARTA AREA, SECURITY FORCES, AIDED IN SOME CASES BY PALESTINIAN COMMANDO UNITS, MADE SLOW BUT STEADY PROGRESS REMOVING BARRICADES USED BY WARRING MILITIAMEN.4

A SPONTANEOUS RECONCILIATION BETWEEN A MUSLIM DISTRICT IN BEIRUT AND A NEIGHBORING CHRISTIAN COMMUNITY--WHERE FIGHTING HAS BEEN ESPECIALLY INTENSE--IS WIDELY REGARDED AS ONE OF THE MOST HOPEFUL DEVELOPMENTS OF THE PAST FEW WEEKS. THE BUSINESS AND BANKING COMMUNITIES ARE TAKING A WAIT-AND-SEE ATTITUDE TOWARD THE CESSATION OF FIGHTING; INDIVIDUAL SHOPKEEPERS AND MERCHANTS, HOWEVER, HAVE BEGUN OPENING THEIR DOORS. THE IMPROVED SECURITY SITUATION IN THE CAPITAL HAS PERMITTED THE RESUMPTION OF SOME ESSENTIAL SERVICES, INCLUDING THE RESUPPLY OF HOSPITALS AND THE DELIVERY OF MUCH-NEEDED FOOD AND FUEL.

2. LIBYA: PRESIDENT QADHAFI STRUCK A DEFENSIVE BUT DETERMINED

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POSTURE THIS WEEK IN HIS FIRST MAJOR POLICY SPEECH SINCE AN ABORTIVE COUP IN EARLY AUGUST. HE TALKED OPENLY ABOUT THE ATTEMPT AGAINST HIM, ATTRIBUTING IT MAINLY TO PERSONAL VENGEANCE.4

THE OVERALL THRUST OF QADHAFI'S REMARKS, HOWEVER, SUGGESTS THAT HE RECOGNIZES A DEEPER PROBLEM. HE REVEALED INDIRECTLY, FOR EXAMPLE, THAT TRIBAL POLITICS, FOREIGN POLICY DIFFERENCES, AND CONFLICTS OVER DOMESTIC PRIORITIES WERE BEHIND DISSENSION WITHIN THE REGIME.4

QADHAFI DID NOT BLAME THE MILITARY FOR THE DEFECTIONS OF A FEW, EMPHASIZING INSTEAD THAT THE ARMED FORCES WOULD CONTINUE TO BE THE GUIDING FORCE IN LIBYAN POLITICAL LIFE. HE PRAISED THE FREE OFFICERS--A LOOSE ORGANIZATION OF SOME 60 OFFICERS WHO PARTICIPATED IN THE 1969 COUP--AND ANNOUNCED THAT THEY WOULD LEAD A NEW NATIONAL CONGRESS. THE CONGRESS PRESUMABLY IS TO BE MADE UP OF CIVILIAN INTEREST GROUPS, SUCH AS TRADE UNIONS, PROFESSIONAL ORGANIZATIONS, AND POPULAR COMMITTEES.4

QADHAFI ALSO WARNED OF A MAJOR SHAKE-UP IN LIBYA'S SOLE POLITICAL PARTY, THE ARAB SOCIALIST UNION. THE PARTY'S SECRETARY GENERAL, MAJOR BASHIR HAWADI, WAS ONE OF THE MAIN LEADERS OF THE

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ATTEMPTED COUP. QADHAFI DID NOT REFER TO HAWADI OR THE OTHER PUTSCHISTS BY NAME, NOR DID HE MENTION THE FATE OF THEIR MEMBERSHIP IN THE REVOLUTIONARY COMMAND COUNCIL. ALTHOUGH THE COUNCIL HAS BEEN TOTALLY DISCREDITED AS A RULING BODY, QADHAFI APPARENTLY FEELS UNEASY ABOUT ABOLISHING IT PUBLICLY.4

THROUGHOUT THE SPEECH, QADHAFI SHOWED A NEW DEFENSIVENESS. HE SPENT CONSIDERABLE TIME JUSTIFYING HIS FOREIGN AID PROGRAM TO MANY INWARD-LOOKING AND RACIALLY CONSCIOUS LIBYANS, WHO RESENT HIS ASSISTANCE TO BLACK AFRICA AND FAR-OFF MUSLIM CAUSES. AT ONE POINT THE LIBYAN LEADER TOLD HIS AUDIENCE THAT "LIBYA WAS THE MOST MISERLY COUNTRY IN THE WORLD AND I AM ASHAMED"; BUT HE DID PROMISE THAT TRIPOLI'S ECONOMIC INTEREST WOULD COME FIRST. HE ALSO TRIED TO ALLAY FEARS OF A LARGE SOVIET PRESENCE IN LIBYA, DENYING IN STRONG TERMS THAT HE HAD GRANTED MOSCOW BASE RIGHTS.4

IN GENERAL, QADHAFI SEEMS TO HAVE BEEN SOBERED BUT NOT SHAKEN BY THE COUP ATTEMPT. HE APPEARS TO BE MORE AWARE OF HIS VULNERABILITIES BUT TO BE INTENT ON PROTECTING HIMSELF AGAINST THEM. HIS ATTEMPT TO EXPLAIN HIS POLICIES--AN EFFORT HE HAS RARELY MADE IN THE

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PAST--SUGGESTS HE RECOGNIZES THAT HIS ARBITRARINESS AND NEGLECT OF PAROCHIAL INTERESTS ARE PART OF THE PROBLEM. BUT HE APPARENTLY BELIEVES HE CAN CONTINUE BOTH HIS DOMESTIC AND FOREIGN POLICY COURSE AS LONG AS HIS MAJOR PROP--THE MILITARY--IS FIRMLY BEHIND HIM.

3. INDIA: THE INDIAN SUPREME COURT IS EXPECTED TO RULE BEFORE NOVEMBER 1 ON PRIME MINISTER INDIRA GANDHI'S LEGAL BATTLES. HEARINGS ENDED THURSDAY ON THE LEGALITY OF THE CONSTITUTIONAL AMENDMENT GANDHI PUSHED THROUGH PARLIAMENT IN AUGUST--WHICH RETROACTIVELY BARRED JUDICIAL REVIEW OF A PRIME MINISTER'S ELECTION TO PARLIAMENT--AND ON OTHER ISSUES BEFORE THE COURT STEMMING FROM HER CONVICTION BY A LOWER COURT IN JUNE FOR CAMPAIGN VIOLATIONS IN 1971.

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REFUGEES' RETURN IS A "SOVEREIGN RIGHT OF VIETNAM." A SAIGON FOREIGN MINISTRY STATEMENT ON OCTOBER 4 STATED THAT THOSE DESIRING TO RETURN WOULD BE CONSIDERED ON A "SPECIFIC CASE" BASIS. IT CALLED ON THE REFUGEES TO "PROTECT THEMSELVES" BY BEING "AWARE OF THE ENEMY PLOT."

SINCE THEIR TAKEOVER OF SAIGON IN APRIL, THE COMMUNISTS HAVE REFUSED TO ACCEPT ANY FORMER CITIZENS INTO THE COUNTRY, WITH THE EXCEPTION OF A FEW ORPHANED VIETNAMESE CHILDREN WHO HAD BEEN EVACUATED TO LAOS AND SOME MERCHANT SEAMEN WHO RETURNED ON TWO COMMANDEERED BOATS. ATTEMPTS BY BOTH RED CROSS AND UN REFUGEE

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OFFICIALS TO CLARIFY VIETNAMESE POLICY HAVE FAILED TO PRODUCE
RESULTS. OFFICIALS FROM THESE ORGANIZATIONS HAVE CONCLUDED THAT THE
MATTER IS NOT HIGH ON THE COMMUNISTS' LIST OF PRIORITIES

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2. SOUTH KOREA - JAPAN: THE SOUTH KOREAN - JAPANESE
MINISTERIAL MEETING IN SEOUL LAST MONTH "OFFICIALLY" ENDED A TWO
YEAR PERIOD OF STRAINED RELATIONS. BUT THE LACK OF SPECIFICS IN THE
JOINT COMMUNIQUE PROMPTED SOME MISGIVINGS IN SOUTH KOREA ABOUT WHAT
THE MEETING ACTUALLY ACCOMPLISHED AND SEEMED TO IMPLY THAT THE TWO
COUNTRIES STILL DO NOT SEE EYE-TO-EYE ON IMPORTANT MATTERS.

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PRESIDENT PAK IS SAID TO HAVE DECIDED NOT TO PRESS THE JAPANESE
FOR DETAILED COMMITMENTS IN EITHER THE ECONOMIC OR SECURITY FIELDS AT
THE MINISTERIAL MEETING. PAK APPARENTLY REASONED THAT STRONG
PRESSURE WOULD MERELY RESULT IN AN OPEN DISPUTE AT THE TALKS AND
RENEWED CONTROVERSY OVER KOREAN POLICY--AND THAT SEOUL STOOD TO GAIN
MORE FROM THE JAPANESE IN THE LONG RUN BY TAKING A FLEXIBLE
APPROACH. PAK WAS PROBABLY ENCOURAGED TO USE SUCH TACTICS BY THE

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RELEASING OFFICER

COORDINATING OFFICERS

AUTHENTICATING OFFICER

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FACT THAT THE OFFICIALS WHO LED TOKYO'S DELEGATION TO THE MINISTERIAL MEETING--DEPUTY PRIME MINISTER FUKUDA AND FOREIGN MINISTER MIYAZAWA--HAVE LONG BEEN SYMPATHETIC TOWARD SOUTH KOREA. PAK NO DOUBT ALSO HAD IN MIND THE NEED TO PROJECT A MODERATE IMAGE PRIOR TO THE UN DEBATE ON KOREA.4

■ AS A RESULT, THE KIND OF SHARP WRANGLING THAT HAS CHARACTERIZED KOREAN-JAPANESE EXCHANGES IN THE PAST DID NOT TAKE PLACE. BOTH SEOUL AND TOKYO SEEM RELIEVED TO HAVE PUT TROUBLESOME POLITICAL ISSUES {THE KIM TAE-CHUNG CASE IN PARTICULAR} ASIDE, AT LEAST FOR A TIME, AND TO HAVE DIRECTED RELATIONS TO A MORE "NORMAL" TRACK. THIS WAS NO SMALL ACCOMPLISHMENT IN ITSELF.4

IDEALLY, THE SOUTH KOREANS WOULD HAVE PREFERRED THAT THE JOINT COMMUNIQUE CONTAIN:

--A CLEAR-CUT REAFFIRMATION FROM TOKYO THAT THE SECURITY OF SOUTH KOREA IS VITAL TO JAPAN;

--SPECIFIC AMOUNTS OF FUTURE LARGE-SCALE JAPANESE ECONOMIC ASSISTANCE;

--PLEDGES THAT TOKYO WOULD STRICTLY LIMIT DEALINGS WITH NORTH

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KOREA AND TAKE STRONG ACTION TO CURB THE ACTIVITIES OF PRO-PYONGYANG KOREANS IN JAPAN.4

PAK HAS OFTEN ARGUED THAT SOUTH KOREA IS A CRITICAL BUFFER FOR JAPAN AND THAT SUCH REQUESTS ARE JUSTIFIED.4

PAK RECOGNIZES, HOWEVER, THAT SUCH COMMITMENTS ARE SIMPLY NOT IN THE CARDS NOW. INFLUENTIAL JAPANESE LEADERS, INCLUDING FINANCE MINISTER OHIRA, ARE UNENTHUSIASTIC ABOUT INCREASING ECONOMIC ASSISTANCE TO SOUTH KOREA; THERE IS LONG-STANDING JAPANESE OPPOSITION TO ANY KIND OF SECURITY LINK TO SEOUL; AND A NOT INCONSIDERABLE BODY OF OPINION IN JAPAN FAVORS A MORE BALANCED POLICY TOWARD THE TWO KOREAS. IN PRIVATE, PAK DOES NOT CONCEAL HIS ANGER OVER SUCH JAPANESE ATTITUDES. STILL, THE SOUTH KOREANS HOPE THAT DEPUTY PRIME MINISTER FUKUDA--WHOM SEOUL REGARDS AS A "FRIEND"--CAN WORK WITH OTHER PRO - SOUTH KOREAN JAPANESE LEADERS TO GRADUALLY ENCOURAGE SENTIMENT FOR A POLICY MORE SUPPORTIVE OF SEOUL.4

PAK'S EXPECTATIONS ARE MOST LIKELY TO BE FULFILLED IN THE AREA OF ECONOMIC ASSISTANCE. UNTIL RECENTLY IT HAD BEEN WIDELY ASSUMED THAT JAPANESE GOVERNMENT AID TO SOUTH KOREA WOULD END THIS YEAR

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AS SEOUL NEARED COMPLETION OF ITS THIRD DEVELOPMENT PLAN} AND THAT FUTURE ASSISTANCE WOULD BE ON A PRIVATE BASIS. WHEN JAPANESE FOREIGN MINISTER MIYAZAWA VISITED SEOUL LAST JULY, HOWEVER, HE AGREED TO CONTINUE OFFICIAL ASSISTANCE BEYOND THIS YEAR. SIGNIFICANTLY, THE COMMUNIQUE ISSUED AFTER THE MINISTERIAL MEETING LAST MONTH ALSO NOTED TOKYO'S AGREEMENT TO CONTINUE ITS "GREAT (ALTHOUGH UNSPECIFIED) CONTRIBUTION" OF PUBLIC AS WELL AS PRIVATE AID.

THE JAPANESE SAY THEY HAVE MADE THIS IMPORTANT POLICY REVERSAL IN RECOGNITION OF THE FACT THAT THE KOREAN ECONOMY HAS BEEN AFFECTED BY THE "OIL SHOCK" AND THAT CONTINUED DEVELOPMENT WILL DEPEND HEAVILY ON THE AVAILABILITY OF OUTSIDE CAPITAL. THE FIRST OF A SERIES OF MEETINGS AIMED AT WORKING OUT THE DETAILS OF FUTURE JAPANESE ECONOMIC AID WILL BEGIN IN SEOUL IN MID-OCTOBER. THE SOUTH KOREANS WILL NOT GET NEARLY AS MUCH AS THEY WANT; TOKYO IS ESPECIALLY CHARY OF AIDING KOREAN INDUSTRIES THAT COMPETE WITH JAPANESE FIRMS ALREADY SUFFERING FROM RECESSION. NONETHELESS, THERE IS EVERY INDICATION THAT JAPANESE AID WILL CONTINUE AT A SUBSTANTIAL LEVEL.

THE RESTORATION OF SOUTH KOREA - JAPANESE RELATIONS TO A

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"NORMAL" TRACK BY NO MEANS SIGNIFIES MUTAL UNDERSTANDING ON THE IMPORTANT ISSUES. THE NORMAL TRACK HAS BEEN HAZARDOUS IN THE PAST AND WILL REQUIRE CAREFUL NEGOTIATING IN THE FUTURE. RELATIONS WILL DEPEND IMPORTANTLY ON HOW SUCCESSFUL SEOUL'S ALLIES IN TOKYO ARE IN FASHIONING POLITICAL AND ECONOMIC POLICIES HELPFUL TO SOUTH KOREA.4

THE SOUTH KOREANS WILL CONTINUE TO BE ■WARY OF ■TOKYO'S DEALINGS WITH PYONGYANG; THEY ARE STILL SMARTING OVER THE TRIP OF A CLOSE COLLEAGUE OF PRIME MINISTER MIKI, LDP DIET MEMBER UTSUNOMIYA, TO NORTH KOREA AND THE PUBLICITY RESULTING FROM HIS ■LONG TALKS WITH KIM II-SONG. SEOUL WAS ALSO DISMAYED OVER TOKYO'S MILD REACTION TO THE NORTH KOREAN ATTACK ON A JAPANESE FISHING BOAT, THE SHOSEI MARU, EARLY LAST MONTH. ONE JAPANESE CABINET MINISTER, A NUMBER OF SOCIALIST POLITICIANS, ■ AND ELEMENTS OF THE PRESS SUGGESTED THAT IT MIGHT BE WISE TO CON■CLUDE A PRIVATE FISHERIES AGREEMENT WITH THE NORTH KOREANS TO MINIMIZE THE CHANCES OF SIMILAR INCIDENTS IN THE FUTURE. THE SOUTH KOREANS COMPLAINED BITTERLY THAT HAD ONE OF THEIR NAVAL UNITS CARRIED OUT ■ THE MISTAKEN ATTACK IT WOULD HAVE PROVOKED AN UPROAR IN TOKYO.4

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IN JAPAN, EMOTIONS HAVE NOT COMPLETELY SUBSIDED OVER THE CASE OF KIM TAE-CHUNG--THE KOREAN OPPOSITION LEADER ABDUCTED FROM TOKYO BY THE KOREAN CIA TWO YEARS AGO. ONE JAPANESE OFFICIAL NOTED RECENTLY THAT SOUTH KOREAN PROSECUTORS HAVE DEMANDED THAT KIM BE GIVEN A FIVE YEAR JAIL SENTENCE FOR ELECTION IRREGULARITIES. IF KIM IS IMPRISONED, THE ISSUE COULD ONCE AGAIN SPARK A MAJOR OUTBURST IN JAPAN. [REDACTED]

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1. PORTUGAL: PRIME MINISTER AZEVEDO, IN A SPEECH SUNDAY NIGHT, ANNOUNCED NEW STEPS TO HELP BRING THE FLOUNDERING ECONOMY UNDER CONTROL. HE DID NOT, HOWEVER, OFFER ANY SPECIFIC MEASURES TO COUNTERACT THE MORE PRESSING PROBLEMS OF PUBLIC DISORDER AND MILITARY INDISCIPLINE.4

AFTER RECEIVING PLEDGES OF SUPPORT FROM THE CABINET AND THE ALL-MILITARY REVOLUTIONARY COUNCIL LATE LAST WEEK, AZEVEDO WAS EXPECTED TO INSTITUTE STRONG ACTIONS TO CURB LEFTIST DISSIDENCE SO HE COULD CONCENTRATE ON ECONOMIC PROBLEMS. INSTEAD, AZEVEDO ANNOUNCED THAT "THE SIXTH GOVERNMENT WILL ANSWER THE ATTEMPTS TO OVERTHROW IT BY CONTINUING TO GOVERN."4

AZEVEDO SAID A DISCIPLINED MILITARY IS ESSENTIAL TO THE GOVERNMENT'S ABILITY TO EXERCISE AUTHORITY, BUT APPEALED TO THE POPULATION TO REBUKE THOSE WHO ABUSE FREEDOM RATHER THAN TAKING ACTION HIMSELF. WHEN HE ORDERED THE OCCUPATION OF RADIO AND TELEVISION STATIONS IN LISBON TWO WEEKS AGO, AZEVEDO APPEARED WILLING TO TAKE STRONG ACTIONS TO ESTABLISH HIS CONTROL. HE HAS

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DONE LITTLE, HOWEVER, SINCE PRESIDENT COSTA GOMES RETURNED FROM OFFICIAL VISITS TO THE USSR AND POLAND A WEEK AGO. COSTA GOMES' INDECISIVENESS AND UNWILLINGNESS TO PROVOKE A CONFRONTATION PROBABLY ACCOUNT FOR AZEVEDO'S INABILITY TO RESPOND TO LEFTIST PROVOCATIONS, DESPITE THE VOTES OF CONFIDENCE FROM THE CABINET AND THE REVOLUTIONARY COUNCIL.4

IN HIS SPEECH, AZEVEDO ALSO APPEALED FOR POPULAR SUPPORT TO REGAIN CONTROL OVER THE ECONOMY, WHICH SUFFERS FROM AN UNEMPLOYMENT RATE OF MORE THAN 10 PERCENT, DECLINING PRODUCTION RATES, AND AN EXCEPTIONALLY LARGE BUDGET DEFICIT. HE URGED WORKERS TO WITHHOLD EXCESSIVE WAGE CLAIMS, INCREASE PRODUCTION, AND END THE ILLEGAL OCCUPATION OF FARMS AND HOUSES. OTHERWISE, HE SAID, "RECOVERY WILL BE IMPOSSIBLE AND SOCIALISM WILL BE NO MORE THAN A NOSTALGIC MEMORY." HIS PLEAS WILL PROBABLY HAVE LITTLE EFFECT. MANY LABOR DISPUTES AND ILLEGAL OCCUPATIONS HAVE BEEN INCITED BY THE FAR LEFT AND THE COMMUNIST PARTY IN AN EFFORT TO SHORTEN THE LIFE OF THE AZEVEDO GOVERNMENT.4

AZEVEDO SAID THE ENTIRE POPULATION WILL BE FORCED TO UNDERGO A

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"PERIOD OF RELATIVE AUSTERITY" IN ORDER TO TURN THE ECONOMY AROUND. GOVERNMENT ACTIONS WILL INCLUDE PRICE HIKES, AN INCREASE IN INDIRECT TAXATION, RESTRICTIONS ON IMPORTS, AND THE REINFORCEMENT OF PUBLIC INVESTMENT.4

THE PRIME MINISTER WAS AT PAINS TO EXPLAIN WHY THE GOVERNMENT WILL SEEK FOREIGN LOANS TO COVER THE BUDGET DEFICIT. THIS APPROACH IS ANATHEMA TO HIS GOVERNMENT'S LEFT-WING CRITICS, WHO CLAIM LOANS FROM THE WEST WILL FORCE PORTUGAL TO SUBMIT TO FOREIGN DOMINATION. AZEVEDO BLAMED PAST GOVERNMENTS FOR DEPLETING FOREIGN RESERVES AND MAKING LOAN APPEALS NECESSARY. HE SAID FOREIGN ASSISTANCE WOULD BE IMPOSSIBLE IF A PRO-COMMUNIST ADMINISTRATION STILL RAN THE COUNTRY.

2. SPAIN: SPAIN'S MILITARY OFFICERS ARE FINDING IT INCREASINGLY DIFFICULT TO REMAIN DETACHED FROM THE COUNTRY'S POLITICAL PROBLEMS.4

THREE MORE MIDDLE-LEVEL OFFICERS WERE ARRESTED IN BARCELONA LAST WEEK IN CONNECTION WITH THE INVESTIGATION OF AN UNDERGROUND NETWORK OF DISSIDENTS IN THE MILITARY. THEY WERE

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SAID TO BE ASSOCIATED WITH THE NINE OFFICERS WHO WERE ARRESTED
LAST JULY AND ARE NOW BEING DETAINED IN MADRID AWAITING TRIAL
FOR ILLEGAL POLITICAL ACTIVITY. FOUR OF THE NINE ARE BEING HELD
INCOMMUNICADO, A SIGN THEY FACE SERIOUS CHARGES.4

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THE DISSIDENT GROUP—KNOWN AS THE DEMOCRATIC MILITARY
UNION—IS COMPOSED OF OFFICERS AND NONCOMMISSIONED OFFICERS
FROM THE ARMY, NAVY, AND AIR FORCE.

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THEIR GOALS INCLUDE FRANCO'S

ABDICATION, ESTABLISHMENT OF A PLURALIST PARTY DEMOCRACY, AND
IMPROVED STANDARDS OF EFFICIENCY IN THE ARMED FORCES.4

THE MILITARY ALSO IS DIVIDED OVER THE ROLE IT SHOULD

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PLAY IN RESTORING PUBLIC ORDER IN SPAIN. ULTRARIGHTISTS WOULD LIKE TO SEE THE ARMY PARTICIPATE IN THE CAMPAIGN AGAINST SPANISH TERRORISTS, BUT A MAJORITY OF SENIOR OFFICERS SEEM TO DISAGREE. THEY BELIEVE SUCH A ROLE WOULD DISCREDIT THE ARMY'S IMAGE AND MAKE IT MORE DIFFICULT FOR THE MILITARY TO MAINTAIN ORDER IN THE POST-FRANCO PERIOD.4

THIS LATTER THEME WAS EVIDENT IN TWO SPEECHES BY SENIOR OFFICERS OVER THE WEEKEND. NAVY MINISTER ADMIRAL PITA DE VEIGA SAID SPAIN IS LIVING THROUGH DELICATE MOMENTS AND THAT IT IS THE MILITARY'S TASK TO "STAND FIRM SO THAT POLITICIANS CAN DO THEIR POLITICKING." GENERAL GUITANA, COMMANDER OF THE MILITARY ACADEMY, TOOK AN EVEN MORE RESERVED POSITION WHEN HE SAID SIMPLY, "THE ARMY IS ABOVE POLITICS." [REDACTED]

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3. USSR: GENERAL SECRETARY BREZHNEV HAD A FULL SCHEDULE OF ACTIVITIES THIS WEEK. HE PARTICIPATED IN VARIOUS FUNCTIONS FOR VISITING EAST GERMAN PARTY BOSS HONECKER, SPOKE AT THE CELEBRATION OF THE 250TH ANNIVERSARY OF THE ACADEMY OF SCIENCES, AND ON FRIDAY RECEIVED SYRIAN PRESIDENT ASAD. HIS ACTIVITIES RECEIVED EXTENSIVE

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TV COVERAGE, AND ON ALL OCCASIONS HIS IMAGE IN THE MEDIA WAS THAT OF
A VIGOROUS AND BUSY LEADER.4

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[REDACTED] WESTERN DIPLOMATS WHO SAW HIM
AT CLOSE RANGE WERE IMPRESSED BY HIS GAIT AND Demeanor, AS WELL AS BY
HIS OVERALL PHYSICAL APPEARANCE AND RELATIVE CLARITY OF SPEECH. HIS
PERFORMANCE APPEARED FAR SUPERIOR TO THAT NOTED IN HELSINKI AT THE
END OF JULY.4 25X1

[REDACTED]
PUBLIC APPEARANCES WERE RELATIVELY BRIEF. HE WAS ABSENT FROM THE
EAST GERMAN RECEPTION FOR HONECKER ON OCTOBER 7 DESPITE THE FACT
THAT PRAVDA REPORTED HIS ATTENDANCE. BREZHNEV MAY HAVE BEEN RESTING
AFTER HIS APPEARANCE AT THE ACADEMY OF SCIENCES CELEBRATION EARLIER
THAT DAY. HE SEEMED TO BE IN EBULLIENT SPIRITS THE NEXT MORNING WHEN
HE SAW HONECKER OFF AT THE AIRPORT. [REDACTED] 25X1

4. YUGOSLAVIA: YUGOSLAV MEDIA HAVE NOT YET REPORTED THAT ALL
SOVIET BLOC AMBASSADORS EXPECT ROMANIA WALKED OUT ON A SPEECH THAT
PREMIER BIJEDIC'S CHINESE HOST GAVE AT A BANQUET IN PEKING.4

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ONLY MILIKA SUNDIC, RADIO ZAGREB'S WELL-INFORMED REPORTER, HAS EVEN TOUCHED ON POTENTIAL PROBLEMS WITH MOSCOW ARISING FROM BIJEDIC'S PRECEDENT-SETTING VISIT TO CHINA. IN A COMMENTARY ON THURSDAY, HE SUMMED UP THE VISIT IN GENERALLY FAVORABLE TERMS, BUT EMPHASIZED THAT WELL-KNOWN YUGOSLAV-CHINESE DIFFERENCES HAVE NOT BEEN ERASED. HE ASSERTED THAT BELGRADE'S RELATIONSHIP WITH PEKING IS COMPLETELY PROPER--I.E., NOT ANTI-SOVIET IN ITS ESSENCE--AND IS NO BUSINESS OF THIRD COUNTRIES.4

DEFINITIVE PROPAGANDA GUIDELINES ON THE INCIDENT MAY NOT BE LAID DOWN UNTIL AFTER BIJEDIC RETURNS HOME IN ABOUT 10 DAYS. IN THE MEANTIME, SOVIET DIPLOMATS ON TUESDAY EXPRESSED THEIR ANGER OVER CHINESE "ENTRAPMENT" OF YUGOSLAVIA INTO AN ANTI-SOVIET ACTION. A RANKING MEMBER OF THE BIJEDIC DELEGATION, DEPUTY FOREIGN MINISTER LAZAR MOJSOV, SAID ON TUESDAY THAT HE BELIEVES THE CHINESE "DELIBERATELY ESCALATED THEIR ATTACKS ON THE USSR" AND THEREBY EMBARRASSED YUGOSLAVIA. THERE HAVE BEEN NO SIGNS OF STRAIN, HOWEVER, IN BIJEDIC'S SUBSEQUENT CONTACTS IN CHINA NOR ANY OTHER SUPPORTING EVIDENCE FOR MOJSOV'S ALLEGATION. 25X1

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5. CEMA: PARTY SECRETARIES FROM THE NINE CEMA COUNTRIES MET IN MOSCOW ON THURSDAY AND FRIDAY TO FINISH WORK ON A DOCUMENT TO BE 25X1C
RELEASED AT THE CEMA SUMMIT LATER THIS YEAR, [REDACTED]

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A SOVIET DIPLOMAT HAS ASSERTED THAT THE ROMANIANS, WHO APPARENTLY CAUSED THE MOST PROBLEMS, HAD "AGREED IN PRINCIPLE" ON WORDING FOR THE SUMMIT DOCUMENT DURING TALKS WITH SOVIET PARTY SECRETARY KATUSHEV IN BUCHAREST LAST WEEK. THE SOVIET ACKNOWLEDGED, HOWEVER, THAT A CONSIDERABLE NUMBER OF "DETAILS" WERE STILL UNRESOLVED.4

EVEN IF AGREEMENT IS REACHED ON LANGUAGE FOR A COMMUNIQUE OR A "BASIC" DOCUMENT SPELLING OUT FUTURE INTEGRATION TASKS, SOME FUNDAMENTAL DIFFERENCES ON ECONOMIC INTEGRATION WITHIN CEMA WILL REMAIN. [REDACTED]

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1. ARGENTINA: ARGENTINE PRESIDENT MARIA ESTELA PERON APPARENTLY IS DETERMINED TO RESUME HER DUTIES THIS WEEK, DESPITE STRONG PRESSURE ON HER TO EXTEND HER VACATION OR RESIGN. THE GOVERNMENT HAS ANNOUNCED SHE WILL RETURN TO THE CAPITAL ON OCTOBER 16 AND ATTEND AN IMPORTANT PERONIST RALLY THE FOLLOWING DAY.

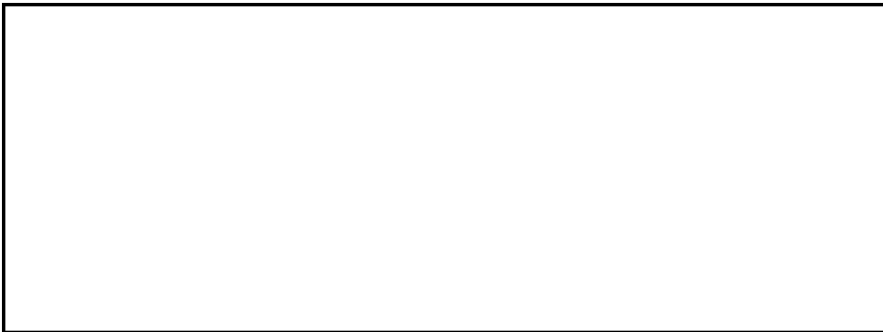
THE EXPECTATION IS GROWING IN BUENOS AIRES THAT THE MILITARY WILL NOT PERMIT PERON TO RETURN TO POWER. THIS COULD OCCUR BY MEANS OF A COUP OR, MORE LIKELY, THROUGH INTENSE MILITARY PRESSURE TO KEEP IN OFFICE THE RELATIVELY EFFECTIVE TEAM OF ACTING PRESIDENT LUDER.

WHEN LUDER AND INTERIOR MINISTER ROBLEDO RETURNED FROM THEIR VISIT TO THE PRESIDENT LATE ON OCTOBER 7, THEY REFUSED TO REVEAL THE RESULTS OF THEIR TALKS. ROBLEDO WOULD ONLY SAY THAT THE PRESIDENT WOULD BE AT THE RALLY AND THAT ALL ELSE WAS SPECULATION.

SENTIMENT AGAINST PERON IS HARDENING IN POLITICAL, PRESS, AND MILITARY CIRCLES.

ACCORDING TO A PRESS ACCOUNT, THE COMMANDER OF THE AIR FORCE VISITED THE PRESIDENT TO TELL HER OF THE MILITARY'S DESIRE THAT

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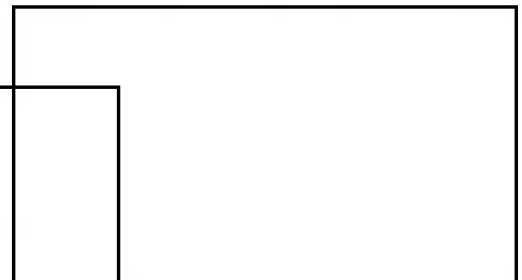
SHE EXTEND HER VACATION. MILITARY OFFICERS BELIEVE THAT HER DEMONSTRATED INABILITY TO LEAD COULD UNDERCUT THEIR EFFORTS TO SUPPRESS TERRORISM.4

IN RECENT DAYS, THE LUDER ADMINISTRATION HAS CREATED TWO NEW ORGANIZATIONS IN A MOVE TO STREAMLINE THE ANTI-GUERRILLA EFFORT AND GIVE THE MILITARY A STRONGER HAND IN THE FIGHT. THE ARMY HAS ALREADY ARRESTED OVER ONE HUNDRED SUSPECTED TERRORISTS OR SYMPATHIZERS AS PART OF THE NEW CRACKDOWN.4

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THE GENERALS AND LUDER WILL ALMOST CERTAINLY INCREASE THEIR EFFORTS TO PREVAIL UPON PERON TO STAY AWAY.

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2. BRAZIL: PRESIDENT GEISEL ANNOUNCED ON OCTOBER 9 THAT FOREIGN OIL COMPANIES WOULD BE ALLOWED TO SIGN EXPLORATION AND PRODUCTION CONTRACTS WITH PETROBRAS, THE STATE OIL MONOPOLY. BY HIS ACTION, WHICH WAS TRIGGERED IN PART BY THE LATEST OPEC PRICE HIKE,

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4

GEISEL HAS AT LEAST TEMPORARILY RESOLVED A NATIONWIDE DEBATE OVER ENDING OR MODIFYING PETROBRAS' 22-YEAR MONOPOLY IN DOMESTIC OIL EXPLORATION AND PRODUCTION ACTIVITIES.4

BRAZIL DEPENDS CHIEFLY ON IMPORTS FROM THE MIDDLE EAST TO MEET ITS PETROLEUM NEEDS. SUBSTANTIAL INCREASES IN OIL PRICES DURING THE PAST YEAR AND A HALF HAVE ALREADY MADE A DENT IN THE NATION'S FOREIGN EXCHANGE HOLDINGS AND CONTRIBUTED TO INFLATION. THE EFFECT OF THE ANNOUNCED PLAN, HOWEVER, WILL NOT BE FELT FOR AT LEAST SEVERAL YEARS.4

GEISEL, WHO HEADED PETROBRAS PRIOR TO BECOMING PRESIDENT, HAS LONG FAVORED A MORE AGGRESSIVE EXPLORATION PROGRAM AIMED AT SELF-SUFFICIENCY IN PETROLEUM PRODUCTION. EARLY THIS YEAR HE ASKED MINISTER OF MINES AND ENERGY Ueki TO PREPARE A DRAFT PROPOSAL PERMITTING FOREIGN FIRMS TO SIGN CONTRACTS WITH PETROBRAS, BUT THE IDEA WAS SHELVED TEMPORARILY IN RESPONSE TO A PREDOMINANTLY NEGATIVE REACTION FROM GOVERNMENT CIRCLES. THE PRESIDENT APPARENTLY FEELS THAT NOW IS A PROPITIOUS TIME TO ACT.4

WHILE HE WILL PROBABLY INCUR SOME CRITICISM FROM BOTH MILITARY

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AND CIVILIAN NATIONALISTS. HIS RECENT DECISION TO DE-EMPHASIZE THE GOAL OF POLITICAL LIBERALIZATION HAS IMPROVED HIS POLITICAL STANDING AMONG CONSERVATIVE ELEMENTS. MOREOVER, HE CAN POINT OUT THAT THE ACTIVITIES OF FOREIGN OIL COMPANIES WILL BE CLOSELY CONTROLLED AND PETROBRAS RETAINS ITS LEGAL MONOPOLY OF DOMESTIC OIL OPERATIONS, EXCEPT FOR RETAIL SALES. [REDACTED]

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3. //BRAZIL: THE INTERPRETATION BY BRAZILIAN OFFICIALS OF WASHINGTON'S ATTITUDE TOWARD THEIR NUCLEAR POLICY REFLECTS THEIR DEEPENING CONVICTION THAT THE US AND THE "CLUB" OF HIGHLY DEVELOPED NATIONS WANT TO IMPEDE BRAZIL'S DEVELOPMENT. THE BRAZILIANS HAVE OCCASIONALLY DRAWN PARALLELS BETWEEN OPEC'S ARBITRARY CREATION OF RULES FOR THE OIL GAME AND THE ATTITUDES OF THE EXCLUSIVE NUCLEAR SOCIETY OF NATIONS.//4

//BRAZIL IS GROWING MORE DEFENSIVE AND NATIONALISTIC ABOUT ITS NUCLEAR PROGRAM, WHICH IT REGARDS AS CENTRAL TO ITS INDUSTRIAL ADVANCEMENT AND RAPIDLY EXPANDING ENERGY NEEDS. IN HIS TESTIMONY TO THE CHAMBER OF DEPUTIES ON THE PROGRAM, THE MINISTER OF MINES AND ENERGY LAST WEEK STRESSED THAT BRAZIL WOULD RETAIN CONTROL OF

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ALL ITS NUCLEAR COMPONENTS AND SYSTEMS.WWY

//BRAZILIAN SENSITIVITY TOWARD WHAT IT REGARDS AS US ANTAGONISM ON THIS ISSUE SHOWS NO SIGN OF WAVING. BOTH THE FOREIGN MINISTER AND THE BRAZILIAN PRESS HAVE RESPONDED NEGATIVELY TO SECRETARY KISSINGER'S PROPOSAL TO ESTABLISH REGIONAL CENTERS FOR REPROCESSING NUCLEAR FUEL, IMPLYING THAT THIS IS A DEVICE FOR RETAINING US CONTROL OVER ITS TECHNOLOGY.//Y

//BRAZIL, INTERESTED IN PROTECTING ITS MANEUVERABILITY IN THE POLITICS OF NUCLEAR DEVELOPMENT, IS EXPANDING ITS NEGOTIATIONS FOR NUCLEAR FUEL SOURCES TO INCLUDE THE USSR. EARLIER THIS YEAR THE BRAZILIANS HAD EXPRESSED STRONG INTEREST IN BUYING FUEL FROM THE US. THE SOVIET UNION'S RESTRICTIONS ON FUEL USE ARE AS STRINGENT AS THOSE IMPOSED BY THE US AND THE INTERNATIONAL ATOMIC ENERGY AGENCY. IT IS BECOMING APPARENT THAT BRAZIL'S INTEREST LIES IN TERMINATING ITS EXCLUSIVE DEPENDENCE ON THE US AND WESTERN EUROPE.

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